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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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November 27, 2000

BY HAND

Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Room TW-A325  
Washington, D.C. 20554

**Re: *Ex Parte Presentation*  
In the Matter of Provision of Directory Listing Information Under the  
Telecommunications Act of 1934, As Amended, CC Docket No. 99-273**

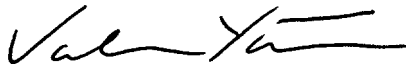
Dear Ms. Salas:

On November 27, 2000 and on behalf of Telegate, Inc. ("Telegate"), Ruth Milkman and I met with Charles Keller, Gregory Cooke, and Jamal Mazrui of the Common Carrier Bureau's Network Services Division to discuss the above-referenced proceeding.

During the meeting, we reviewed issues associated with implementing Telegate's 411 presubscription proposal. A copy of the presentation we used during the meeting is included with this submission. It provides a summary of the key points raised in our discussion.

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,




Valerie Yates

Attachment

cc: Charles Keller  
Gregory Cooke  
Jamal Mazrui

No. of Copies rec'd 041  
List A B C D E



# **Presubscription to 411: Implementation Issues**

**Presentation by Telegate Inc.**

**November 27, 2000**



# Overview

- Slamming
- Costs
- Cost Recovery
- Logistics

# FCC Should Seek Comment on Whether Incentives For 411 Slamming Exist

- LD – fixed costs of network provide incentive to sell as many minutes as possible
- DA – significant variable costs to provide operator services. Establishing a call center and DA database requires a big investment.
- Profitability for DA providers depends on long-term customer relationship

## FCC Should Seek Comment on Proven Safeguards To Deter Slammers

- Choice of Methods for Authorization and Verification of LOAs:
  - Written record
  - Internet
  - Electronic (i.e. telephone) or
  - Third Party Verification

# FCC Should Seek Comment on Proven Safeguards To Deter Slammers

- Absolve Subscribers of Liability for 30 Day Period After the Unauthorized Change
  - If the subscriber has not paid charges to an unauthorized DA provider, the authorized provider should collect from the unauthorized provider the amount that would have been billed to the subscriber during the first 30 days after the unauthorized change
  - If the unauthorized DA provider receives payment from the subscriber, such provider must pay out 150% of the collected charges to the authorized provider, which in turn will pay the subscriber 50% of his or her original payment

# FCC Should Seek Comment on Proven Safeguards To Deter Slammers

- **Apply FCC Registration Requirement to DA Providers**
  - FCC revised Form 499-A to require carriers to provide additional information targeted to assist anti-slamming efforts:
    - Carrier's business name(s) and primary address;
    - Names and business addresses of the CEO, Chairman and President (or if a company does not have such executives, three comparable senior-level officials);
    - Designated agent for service of process in DC
    - All names under which the provider has conducted business in the past
    - States in which the provider is certified to provide service

## **FCC Should Seek Comment on Proven Safeguards To Deter Slammers**

- Preferred DA Provider Freeze
- Branding
- Enforcement – swift and certain penalties

**FCC Should Seek Comment on Whether Costs of Slamming Safeguards Outweigh Likely Benefits**





# FCC Should Seek Comment on Potential Costs of Implementing 411 Presubscription

- Network Upgrades
- Customer Support Functions
  - Modifications to order processing and billing systems
  - Training customer service representatives to request that customers identify a carrier during sign-up process
- Customer Notification -- Billing Inserts
- Balloting and Allocation

## **FCC Should Compare Costs of Implementing 411 Presubscription to Size of DA Market and Benefits of DA Competition**

- Directory Assistance is a \$4 Billion / year industry and is growing rapidly
- Consumers pay up to \$400 Million / year to receive misinformation from incumbent DA providers
- Compare to estimated costs of \$30 Million to \$300 Million for network upgrades that would enable 411 presubscription
- Consider benefits DA competition would bring to consumers, including significantly higher service quality for all DA services (including international DA) and innovative new services

# FCC Should Adopt Criteria to Ensure Cost Recovery is Competitively Neutral

- All customers will benefit from 411 presubscription – competition, increased choice, greater innovation
- Requiring customers who switch DA providers or new entrants to bear all associated costs will deter competition

## **In LNP Context, Cost Recovery Mechanism Must be Consistent with 2 Principles**


- **A competitively neutral cost recovery mechanism should not give one service provider an appreciable, incremental cost advantage over another service provider when competing for a specific subscriber**
- **The cost recovery mechanism should not have a disparate effect on the ability of the competing service providers to earn normal returns on their investments**

## **FCC Should Seek Comment on Applying LNP Standards for Determining Eligible Network Upgrade Costs**

- **Dedicated costs – only those incremental costs of investments or expenses that are dedicated exclusively to enabling 411 presubscription**
  - **Software**
  - **Service Control Points (SCPs)**
  - **Signal Transfer Points (STPs)**

## **FCC Should Seek Comment on Applying LNP Standards for Determining Eligible Network Upgrade Costs**

- **Joint Costs – only those incremental portion of costs associated with new investments or expenses that directly support the provision of 411 presubscription**
  - SS7 and switch software upgrades
  - AIN modifications
  - OSS modifications



## **FCC Should Seek Comment on Applying LNP Standards for Determining Eligible Network Upgrade Costs**

- **Overhead Costs – incremental portion of new overhead costs directly related to providing 411 presubscription**

# FCC Should Seek Comment on Possible Cost Recovery Mechanisms

- LNP Cost Recovery Approach
  - End-user charge
  - Per query charge



# **FCC Should Seek Comment on Logistics of Implementing 411 Presubscription**

- **Applicable to all ILECs**
- **Timetable – 6 months from date of final order for Tier 1 LECs.**
- **Consumer notification during ordering process and in billing inserts**
- **State Commissions to Continue Traditional Functions**
  - **Certifying Providers**
  - **Handling Consumer Complaints**

# Conclusion

- FCC can rely on proven methods to address 411 presubscription implementation issues